

ASSEMBLY BILL

No. 350

Introduced by Assembly Member Matthews

February 10, 2005

An act to amend Section 65891.8 of, to add Chapter 2.6 (commencing with Section 53369) to Part 1 of Division 2 of Title 5 of, and to add Article 5.5 (commencing with Section 63047.50) to Chapter 2 of Title 6.7 of, the Government Code, relating to jobs-housing opportunity zones.

LEGISLATIVE COUNSEL'S DIGEST

AB 350, as introduced, Matthews. Jobs-housing opportunity zones.

(1) Under existing law, redevelopment agencies are authorized to pay the principal of, and interest on, indebtedness incurred to finance or refinance redevelopment, from a portion of property tax revenues diverted from other taxing agencies. The portion of taxes diverted is the amount attributable to increases in assessed valuation of property in the redevelopment project area subsequent to establishment thereof. This method of financing is commonly known as "tax increment" financing and is specifically authorized by Section 16 of Article XVI of the California Constitution.

Existing law also authorizes counties and cities to create infrastructure financing districts in the border development zone, as defined, to finance public works utilizing a similar method of tax increment financing in the Mexican border region.

This bill would similarly authorize counties and cities to create infrastructure financing districts in jobs-housing opportunity zones, as defined, for the purpose of adopting an infrastructure financing plan to finance public capital facilities in the 5-county interregional partnership area of northern California for the purpose of mitigating

current and future imbalances of jobs and housing in the Counties of Alameda, Contra Costa, Santa Clara, San Joaquin, and Stanislaus.

Because county officers would be responsible for the division of taxes under the bill, the bill would impose a state-mandated local program in the case of districts formed by cities, but the bill would require all infrastructure financing districts to reimburse those county costs.

The bill would also require approval of the proposed infrastructure financing district by the district's landowners or voters, as specified, and of the bonds to be issued by the district to finance public capital facilities.

The bill would, beginning July 1, 2006, require the California Infrastructure and Economic Development Bank to review and approve or return a proposed infrastructure financing plan submitted by a city, county, or a city and county for changes pursuant to specified criteria within a time period of not more than 60 calendar days and would require the bank to circulate the plan to other state agencies for review, as specified. The bank would be required to approve not more than 3 proposed infrastructure financing plans commencing with the 2006–07 fiscal year, and 2 more thereafter beginning with the 2007–08 fiscal year for a total of no more than 5 plans. The bank would be required to review and act on only those infrastructure financing plans that meet specified criteria.

(2) Existing law establishes the Inter-Regional Partnership (IRP) State Pilot Project to improve the balance of jobs and housing in 5 regional IRP counties through negotiations between the state, the IRP, and local jurisdictions to implement not less than 5 nor more than 10 official IRP Jobs-Housing Opportunity Zones to be equitably distributed among the Counties of Alameda, Contra Costa, Santa Clara, San Joaquin, and Stanislaus. Existing law also requires the IRP to be monitored by the Department of Housing and Community Development, and to test and evaluate policies and incentives, as specified, to mitigate current and future imbalances of jobs and housing in the 5 IRP counties.

This bill would require the IRP, on or before July 1, 2006, to determine pursuant to a specified procedure whether the jobs-housing opportunity zones it selected in its evaluation of proposals are ready to submit a proposed infrastructure financing plan to the California Infrastructure and Economic Development Bank for approval.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Chapter 2.6 (commencing with Section 53369) is added to Part 1 of Division 2 of Title 5 of the Government Code, to read:

CHAPTER 2.6. JOBS-HOUSING OPPORTUNITY ZONES

Article 1. General Provisions

53369. The Legislature finds and declares that:

(a) Under the current land use and policy framework in northern California, central valley and east bay communities expect to double or triple their populations, but most of them will not attract equivalent numbers of new jobs. Instead, thousands of central valley and east bay area residents are expected to commute far into the bay area, often driving two hours or more each way. At the same time, central valley communities experience a chronic unemployment rate of 10 percent or more, even during the prosperity of the 1990s. The challenges to transportation, air quality, and social quality of life are enormous. Projections estimate the current number of daily Altamont Pass commuters will more than double to 250,000 by the year 2020.

(b) Communities outside of Silicon Valley often lack the infrastructure, or the ability to finance infrastructure, such as interchanges and wastewater treatment facilities, that are vital to attracting employers and creating a diversified economy, reducing the need for long-distance commutes into the bay area by their residents.

(c) Employers who wish to locate outside of Silicon Valley often have to fund their own infrastructure, making those east bay and central valley communities a less attractive and cost-competitive place for employers to locate.

(d) Consequently, the state has to make investments in highways and transit to link commuter populations to their jobs in more job-rich parts of the bay area.

(e) The creation of infrastructure financing districts in jobs-housing opportunity zones will generate employment in areas where there are large commuter populations, reduce long-distance commutes, improve air quality and quality of life, and reduce the need for costly transportation infrastructure investments in the future by the state.

53369.1. Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.

(a) “Affected taxing entity” means any governmental taxing agency that levied or had levied on its behalf a property tax on all or a portion of the property located in the proposed district in the fiscal year prior to the designation of the district.

(b) “Jobs-housing opportunity zone” means a zone selected by the Interregional Partnership Pilot Project for the purpose of mitigating current and future imbalances of jobs and housing in the Counties of Alameda, Contra Costa, Santa Clara, San Joaquin, and Stanislaus.

(c) “City” means a city, a county, or a city and county.

(d) “Debt” means any binding obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals.

(e) “Designated official” means the city engineer or other appropriate official designated pursuant to Section 53398.13.

(f) “District” means an infrastructure financing district located in the jobs-housing opportunity zone.

(g) “Infrastructure financing district” means a legally constituted governmental entity established pursuant to this chapter for the sole purpose of financing public facilities.

(h) “Landowner” or “owner of land” means any person shown as the owner of land on the last equalized assessment roll or

1 otherwise known to be the owner of the land by the legislative
2 body. The legislative body has no obligation to obtain other
3 information as to the ownership of land, and its determination of
4 ownership shall be final and conclusive for the purposes of this
5 chapter.

6 (i) “Legislative body” means the city council or board of
7 supervisors.

8 53369.2. (a) The revenues available pursuant to Article 3
9 (commencing with Section 53369.30) may be used directly for
10 work allowed pursuant to Section 53369.3, including use as
11 matching funds to accomplish this work, may be accumulated for
12 a period not to exceed five years to provide a fund for that work,
13 may be pledged to pay the principal of, and interest on, bonds
14 issued pursuant to Article 4 (commencing with Section
15 53369.40), or may be pledged to pay the principal of, and interest
16 on, bonds issued pursuant to the Improvement Bond Act of 1915
17 (Division 10 (commencing with Section 8500) of the Streets and
18 Highways Code) or the Mello-Roos Community Facilities Act of
19 1982 (Chapter 2.5 (commencing with Section 53311)), the
20 proceeds of which have been or will be used entirely for
21 allowable purposes of the district. The revenue of the district may
22 also be advanced for allowable purposes of the district to an
23 Integrated Financing District established pursuant to Chapter 1.5
24 (commencing with Section 53175), in which case the district may
25 be party to a reimbursement agreement established pursuant to
26 that chapter. The revenues of the district may also be committed
27 to paying for any completed public facility acquired pursuant to
28 Section 53369.3 over a period of time, including the payment of
29 a rate of interest not to exceed the bond buyer index rate on the
30 day that the agreement to repay is entered into by the city.

31 (b) The legislative body may enter into an agreement with any
32 affected taxing entity or rely on the pass-through rates and
33 formulas provided in Sections 33607.5 and 33670 of the Health
34 and Safety Code, in providing for the construction of, or
35 assistance in, financing public facilities.

36 53369.3. (a) A district may finance (1) the purchase,
37 construction, expansion, improvement, seismic retrofit, or
38 rehabilitation of any real or other tangible property with an
39 estimated useful life of 15 years or longer that satisfies the
40 requirements of subdivision (b), (2) the planning and design

1 work that is directly related to the purchase, construction,
2 expansion, or rehabilitation of that property, and (3) the costs
3 described in Sections 53369.5 and 53369.31. A district may only
4 finance the purchase of facilities for which construction has been
5 completed, as determined by the legislative body. The facilities
6 need not be physically located within the boundaries of the
7 district. A district may not finance routine maintenance, repair
8 work, or the costs of ongoing operation or providing services of
9 any kind.

10 (b) The district shall finance only public capital facilities that
11 provide significant benefits to the jobs-housing opportunity zone,
12 including, but not limited to, all of the following:

13 (1) Highways, interchanges, ramps and bridges, major and
14 minor arterial streets, major and minor collector streets, parking
15 facilities, and transit facilities. Phased road widening projects
16 shall also be permitted.

17 (2) Sewage collection, pumping, treatment, and water
18 reclamation plants and interceptor pipes.

19 (3) Facilities for the collection and treatment of water for
20 urban uses.

21 (4) Flood control levees and dams, retention basins, and
22 drainage facilities.

23 (5) Child care facilities.

24 (6) Libraries.

25 (7) Parks, recreational facilities, and open space.

26 (8) Facilities for the transfer and disposal of solid waste,
27 including transfer stations and vehicles.

28 (c) Any district that constructs dwelling units shall set aside
29 not less than 20 percent of those units to increase and improve
30 the community's supply of low- and moderate-income housing
31 available at an affordable housing cost, as defined by Section
32 50052.5 of the Health and Safety Code, to persons and families
33 of low and moderate income, as defined in Section 50093 of the
34 Health and Safety Code.

35 53369.4. (a) A district may not include any portion of a
36 project area that was created pursuant to Part 1 (commencing
37 with Section 33000) of Division 24 of the Health and Safety
38 Code. A project area may not include any portion of a district
39 created pursuant to this chapter.

1 (b) A district may finance only the facilities or services
2 authorized in this chapter to the extent that the facilities or
3 services are in addition to those provided in the territory of the
4 district before the district was created. The additional facilities or
5 services may not supplant facilities or services already available
6 within that territory when the district was created but may
7 supplement those facilities and services as needed to serve new
8 developments.

9 (c) A district may include areas that are not contiguous.

10 53369.5. It is the intent of the Legislature that the area of the
11 districts created contain significant portions of land that are
12 vacant, underutilized, and suitable for urban use, and the
13 establishment of a district should not ordinarily lead to the
14 removal of existing dwelling units. If, however, any dwelling
15 units are proposed to be removed or destroyed in the course of
16 private development or public works construction within the area
17 of the district, the legislative body shall do all of the following:

18 (a) Within four years of the removal or destruction, cause or
19 require the construction or rehabilitation, for rental or sale to
20 persons or families of low or moderate income, of an equal
21 number of replacement dwelling units at affordable housing cost,
22 as defined in Section 50052.5 of the Health and Safety Code,
23 within the territory of the district if the dwelling units removed
24 were inhabited by persons or families of low or moderate
25 income, as defined in Section 50093 of the Health and Safety
26 Code.

27 (b) Within four years of the removal or destruction, cause or
28 require the construction or rehabilitation, for rental or sale to
29 persons of low or moderate income, a number of dwelling units
30 that is at least one unit but not less than 20 percent of the total
31 dwelling units removed at affordable housing cost, as defined in
32 Section 50052.5 of the Health and Safety Code, within the
33 territory of the district if the dwelling units removed or destroyed
34 were not inhabited by persons of low or moderate income, as
35 defined in Section 50093 of the Health and Safety Code.

36 (c) Provide relocation assistance and make all the payments
37 required by Chapter 16 (commencing with Section 7260) of
38 Division 7 of Title 1, to persons displaced by any public or
39 private development occurring within the territory of the district.

1 This displacement shall be deemed to be the result of public
2 action.

3 (d) Ensure that removal or destruction of any dwelling units
4 occupied by persons or families of low or moderate income does
5 not take place unless and until there are suitable housing units, at
6 comparable cost to the units from which the persons or families
7 were displaced, available, and ready for occupancy by the
8 residents of the units at the time of their displacement. The
9 housing units shall be suitable to the needs of these displaced
10 persons or families and shall be decent, safe, sanitary, and
11 otherwise standard dwellings.

12 53369.6. Any action or proceeding to attack, review, set aside,
13 void, or annul the creation of a district or the adoption of an
14 infrastructure financing plan, including a division of taxes
15 thereunder, shall be commenced within 30 days after the
16 enactment of the ordinance creating the district pursuant to
17 Section 53369.23. Consistent with the time limitations of this
18 section, such an action or proceeding with respect to a division of
19 taxes under this chapter may be brought pursuant to Chapter 9
20 (commencing with Section 860) of Title 10 of Part 2 of the Code
21 of Civil Procedure, except that Section 869 of the Code of Civil
22 Procedure shall not apply.

23 53369.7. An action to determine the validity of the issuance of
24 bonds pursuant to this chapter may be brought pursuant to
25 Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of
26 the Code of Civil Procedure. However, notwithstanding the time
27 limits specified in Section 860 of the Code of Civil Procedure,
28 the action shall be commenced within 30 days after adoption of
29 the resolution pursuant to Section 53369.54 providing for
30 issuance of the bonds if the action is brought by an interested
31 person pursuant to Section 863 of the Code of Civil Procedure.
32 Any appeal from a judgment in that action or proceeding shall be
33 commenced within 30 days after entry of judgment.

34 53369.8. An infrastructure financing district in the
35 jobs-housing opportunity zone is a “district” within the meaning
36 of Section 1 of Article XIII A of the California Constitution.

Article 2. Preparation and Adoption of Infrastructure
Financing Plans

53369.10. A legislative body of a city may designate one or more proposed infrastructure financing districts in the jobs-housing opportunity zone pursuant to this chapter. Proceedings for the establishment of a district shall be instituted by the adoption of a resolution of intention to establish the proposed district and shall do all of the following:

(a) State that an infrastructure financing district is proposed to be established under the terms of this chapter and describe the boundaries of the proposed district, which may be accomplished by reference to a map on file in the office of the clerk of the city.

(b) State the type of public facilities proposed to be financed by the district. The district may only finance public facilities authorized by Section 53398.3.

(c) State that incremental property tax revenue from the city and some or all affected taxing entities within the district may be used to finance these public facilities.

(d) Fix a time and place for a public hearing on the proposal.

53369.11. The legislative body shall direct the clerk to mail a copy of the resolution of intention to create the district to each owner of land within the district.

53369.12. The legislative body shall direct the clerk to mail a copy of the resolution to each affected taxing entity.

53369.13. After adopting the resolution pursuant to Section 53369.10, the legislative body shall designate and direct the city engineer or other appropriate official to prepare an infrastructure plan pursuant to Section 53369.14.

53369.14. After receipt of a copy of the resolution of intention to establish a district, the official designated pursuant to Section 53369.13 shall prepare a proposed infrastructure financing plan. The infrastructure financing plan shall be consistent with the general plan of the city within which the district is located and shall include all of the following:

(a) A map and legal description of the proposed district, which may include all or a portion of the district designated by the legislative body in its resolution of intention.

(b) A description of the public facilities required to serve the development proposed in the area of the district, including those

1 to be provided by the private sector, those to be provided by
2 governmental entities without assistance under this chapter, those
3 public improvements and facilities to be financed with assistance
4 from the proposed district, and those to be provided jointly. The
5 description shall include the proposed location, timing, and costs
6 of the public improvements and facilities.

7 (c) A finding that the public facilities provide significant
8 benefits to the jobs-housing opportunity zone.

9 (d) A financing section, which shall contain all of the
10 following information:

11 (1) A specification of the maximum portion of the incremental
12 tax revenue of the city and of each affected taxing entity
13 proposed to be committed to the district for each year during
14 which the district will receive incremental tax revenue. The
15 portion need not be the same for all affected taxing entities. The
16 portion may change over time.

17 (2) A projection of the amount of tax revenues expected to be
18 received by the district in each year during which the district will
19 receive tax revenues, including an estimate of the amount of tax
20 revenues attributable to each affected taxing entity for each year.

21 (3) A plan for financing the public facilities to be assisted by
22 the district, including a detailed description of any intention to
23 incur debt.

24 (4) A limit on the total number of dollars of taxes that may be
25 allocated to the district pursuant to the plan.

26 (5) A date on which the district will cease to exist, by which
27 time all tax allocation to the district will end. The date shall not
28 be more than 25 years from the date on which the ordinance
29 forming the district is adopted pursuant to Section 53369.23.

30 (6) An analysis of the costs to the city of providing facilities
31 and services to the area of the district while the area is being
32 developed and after the area is developed. The plan shall also
33 include an analysis of the tax, fee, charge, and other revenues
34 expected to be received by the city as a result of expected
35 development in the area of the district.

36 (7) An analysis of the projected fiscal impact of the district
37 and the associated development upon each affected taxing entity.

38 (e) If any dwelling units occupied by persons or families of
39 low or moderate income are proposed to be removed or
40 destroyed in the course of private development or public works

1 construction within the area of the district, a plan providing for
2 replacement of those units and relocation of those persons or
3 families consistent with the requirements of Section 53369.5.

4 53369.15. The infrastructure financing plan shall be sent to
5 each owner of land within the proposed district and to each
6 affected taxing entity together with any report required by the
7 California Environmental Quality Act (Division 13 (commencing
8 with Section 21000) of the Public Resources Code) that pertains
9 to the proposed public facilities or the proposed development
10 project for which the public facilities are needed. The plan shall
11 be made available for public inspection. The report shall also be
12 sent to the planning commission and the legislative body.

13 53369.16. The designated official shall consult with each
14 affected taxing entity, and, at the request of any affected taxing
15 entity, shall meet with representatives of an affected taxing
16 entity. Any affected taxing entity may suggest revisions to the
17 plan.

18 53369.17. (a) The legislative body shall submit the proposed
19 infrastructure financing plan to the California Infrastructure and
20 Economic Development Bank for review and approval.

21 (b) The California Infrastructure and Economic Development
22 Bank may not approve a proposed infrastructure financing plan
23 until July 1, 2006, pursuant to Article 5.5 (commencing with
24 Section 63047.50) of Chapter 2 of Title 6.7, and thereafter, the
25 legislative body shall conduct a public hearing prior to adopting
26 the proposed infrastructure financing plan. The public hearing
27 shall be called no sooner than 60 days after the California
28 Infrastructure and Economic Development Bank approves the
29 proposed infrastructure financing plan. In addition to the notice
30 given to landowners and affected taxing entities pursuant to
31 Sections 53369.11 and 53369.12, notice of the public hearing
32 shall be given by publication not less than once a week for four
33 successive weeks in a newspaper of general circulation published
34 in the city in which the proposed district is located. The notice
35 shall state that the district will be used to finance public works,
36 briefly describe the public works, briefly describe the proposed
37 financial arrangements, including the proposed commitment of
38 incremental tax revenue, describe the boundaries of the proposed
39 district, and state the day, hour, and place when and where any
40 persons having any objections to the proposed infrastructure

1 financing plan, or the regularity of any of the prior proceedings,
2 may appear before the legislative body and object to the adoption
3 of the proposed plan by the legislative body.

4 53369.18. At the hour set in the required notices, the
5 legislative body shall proceed to hear and pass upon all written
6 and oral objections. The hearing may be continued from time to
7 time. The legislative body shall consider the recommendations, if
8 any, of affected taxing entities, and all evidence and testimony
9 for and against the adoption of the plan. The legislative body
10 may modify the plan by eliminating or reducing the size and cost
11 of proposed public works, by reducing the amount of proposed
12 debt, or by reducing the portion, amount, or duration of
13 incremental tax revenues to be committed to the district.

14 53369.19. At the conclusion of the hearing, the legislative
15 body may adopt a resolution proposing adoption of the
16 infrastructure financing plan, as modified, and formation of the
17 infrastructure financing district with the full force and effect of
18 law, or it may abandon the proceedings.

19 53369.20. (a) If the legislative body adopts a resolution
20 proposing formation of the district, it shall then submit the
21 proposal to create the district to the qualified electors of the
22 proposed district in the next general election or in a special
23 election to be held, notwithstanding any other requirement,
24 including any requirement that elections be held on specified
25 dates, contained in the Elections Code, at least 90 days, but not
26 more than 180 days, following the adoption of the resolution of
27 formation. The legislative body shall provide the resolution of
28 formation, a certified map of sufficient scale and clarity to show
29 the boundaries of the district, and a sufficient description to allow
30 the election official to determine the boundaries of the district to
31 the official conducting the election within three business days
32 after the adoption of the resolution of formation. The assessor's
33 parcel numbers for the land within the district shall be included if
34 it is a landowner election or the district does not conform to an
35 existing district's boundaries and if requested by the official
36 conducting the election. If the election is to be held less than 125
37 days following the adoption of the resolution of formation, the
38 concurrence of the election official conducting the election shall
39 be required. However, any time limit specified by this section or
40 requirement pertaining to the conduct of the election may be

1 waived with the unanimous consent of the qualified electors of
2 the proposed district and the concurrence of the election official
3 conducting the election.

4 (b) If at least 12 persons have been registered to vote within
5 the territory of the proposed district for each of the 90 days
6 preceding the close of the hearing, the vote shall be by the
7 registered voters of the proposed district, who need not
8 necessarily be the same persons, with each voter having one vote.
9 Otherwise, the vote shall be by the landowners of the proposed
10 district and each landowner who is the owner of record at the
11 close of the protest hearing, or the authorized representative
12 thereof, shall have one vote for each acre or portion of an acre of
13 land that he or she owns within the proposed district. The number
14 of votes to be voted by a particular landowner shall be specified
15 on the ballot provided to that landowner.

16 (c) Ballots for the special election authorized by subdivision
17 (a) may be distributed to qualified electors by mail with return
18 postage prepaid or by personal service by the election official.
19 The official conducting the election may certify the proper
20 mailing of ballots by an affidavit, which shall be exclusive proof
21 of mailing in the absence of fraud. The voted ballots shall be
22 returned to the election official conducting the election not later
23 than the hour specified in the resolution calling the election.
24 However, if all the qualified voters have voted, the election shall
25 be closed.

26 53369.21. (a) Except as otherwise provided in this chapter,
27 the provisions of law regulating elections of the district that call
28 an election pursuant to this chapter, insofar as they may be
29 applicable, shall govern all elections conducted pursuant to this
30 chapter. Except as provided in subdivision (b), there shall be
31 prepared and included in the ballot material provided to each
32 voter, an impartial analysis pursuant to Section 9160 or 9280 of
33 the Elections Code, arguments and rebuttals, if any, pursuant to
34 Sections 9162 to 9167, inclusive, and 9190 of the Elections Code
35 or pursuant to Sections 9281 to 9287, inclusive, and 9295 of the
36 Elections Code.

37 (b) If the vote is to be by the landowners of the proposed
38 district, analysis and arguments may be waived with the
39 unanimous consent of all the landowners and shall be so stated in
40 the order for the election.

1 53369.22. (a) If the election is to be conducted by mail ballot,
2 the election official conducting the election shall provide ballots
3 and election materials pursuant to subdivision (d) of Section
4 53326 and Section 53327, together with all supplies and
5 instructions necessary for the use and return of the ballot.

6 (b) The identification envelope for return of mail ballots used
7 in landowner elections shall contain the following:

8 (1) The name of the landowner.

9 (2) The address of the landowner.

10 (3) A declaration, under penalty of perjury, stating that the
11 voter is the owner of record or the authorized representative of
12 the landowner entitled to vote and is the person whose name
13 appears on the identification envelope.

14 (4) The printed name and signature of the voter.

15 (5) The address of the voter.

16 (6) The date of signing and place of execution of the
17 declaration pursuant to paragraph (3).

18 (7) A notice that the envelope contains an official ballot and is
19 to be opened only by the canvassing board.

20 53369.23. After the canvass of returns of any election
21 pursuant to Section 53369.20, the legislative body may, by
22 ordinance, adopt the infrastructure financing plan and create the
23 district with full force and effect of law, if two-thirds of the votes
24 upon the question of creating the district are in favor of creating
25 the district.

26 53369.24. After the canvass of returns of any election
27 conducted pursuant to Section 53369.20, the legislative body
28 shall take no further action with respect to the proposed
29 infrastructure financing district for one year from the date of the
30 election if the question of creating the district fails to receive
31 approval by two-thirds of the votes cast upon the question.

32 53369.25. The legislative body may submit a proposition to
33 establish or change the appropriations limit, as defined by
34 subdivision (h) of Section 8 of Article XIII B of the California
35 Constitution, of a district to the qualified electors of a district.
36 The proposition establishing or changing the appropriations limit
37 shall become effective if approved by the qualified electors
38 voting on the proposition and shall be adjusted for changes in the
39 cost of living and changes in populations, as defined by
40 subdivisions (b) and (c) of Section 7901, except that the change

1 in population may be estimated by the legislative body in the
2 absence of an estimate by the Department of Finance, and in
3 accordance with Section 1 of Article XIII B of the California
4 Constitution. For purposes of adjusting for changes in
5 population, the population of the district shall be deemed to be at
6 least one person during each calendar year.

7
8 Article 3. Division of Taxes
9

10 53369.30. Any infrastructure financing plan may contain a
11 provision that taxes, if any, levied upon taxable property in the
12 area included within the infrastructure financing district each
13 year by or for the benefit of the State of California, or any
14 affected taxing entity after the effective date of the ordinance
15 adopted pursuant to Section 53369.23 to create the district, shall
16 be divided as follows:

17 (a) That portion of the taxes that would be produced by the
18 rate upon which the tax is levied each year by or for each of the
19 affected taxing entities upon the total sum of the assessed value
20 of the taxable property in the district as shown upon the
21 assessment roll used in connection with the taxation of the
22 property by the affected taxing entity, last equalized prior to the
23 effective date of the ordinance adopted pursuant to Section
24 53369.23 to create the district, shall be allocated to, and when
25 collected shall be paid to, the respective affected taxing entities
26 as taxes by or for the affected taxing entities on all other property
27 are paid.

28 (b) That portion of the levied taxes each year specified in the
29 adopted infrastructure financing plan for the city and each
30 affected taxing entity in excess of the amount specified in
31 subdivision (a) shall be allocated to, and when collected shall be
32 paid into a special fund of, the district for all lawful purposes of
33 the district. Unless and until the total assessed valuation of the
34 taxable property in a district exceeds the total assessed value of
35 the taxable property in the district as shown by the last equalized
36 assessment roll referred to in subdivision (a), all of the taxes
37 levied and collected upon the taxable property in the district shall
38 be paid to the respective affected taxing entities. When the
39 district ceases to exist pursuant to the adopted infrastructure
40 financing plan, all moneys thereafter received from taxes upon

1 the taxable property in the district shall be paid to the respective
2 affected taxing entities as taxes on all other property are paid.

3 53369.31. (a) For infrastructure financing plans that include a
4 residential housing component, not less than 20 percent of all
5 taxes that are allocated to the district pursuant to this article shall
6 be used by the district within the jobs-housing opportunity zone
7 for the purposes of increasing, improving, and preserving the
8 supply of low- and moderate-income housing available at an
9 affordable housing cost, as defined by Section 50052.5 of the
10 Health and Safety Code, to persons and families of low or
11 moderate income, as defined by Section 53003 of the Health and
12 Safety Code, and very low income households, as defined by
13 Section 50105 of the Health and Safety Code.

14 (b) Notwithstanding subdivision (a), a district may allocate
15 less than 20 percent of the taxes that are allocated to the district if
16 that lesser percentage is specified in the infrastructure financing
17 plan approved by the California Infrastructure and Economic
18 Development Bank, pursuant to Section 53369.17.

19 (c) In carrying out the purposes of this section, the district
20 shall conform to the provisions of Sections 33334.2 to 33334.16,
21 inclusive, of the Health and Safety Code. To the extent that this
22 section conflicts with Sections 33334.2 to 33334.16, inclusive, of
23 the Health and Safety Code, this section shall prevail.

24 53369.32. All costs incurred by a county in connection with
25 the division of taxes pursuant to this chapter for a district shall be
26 paid by that district.

27 Article 4. Payments to Affected Taxing Entities

28
29
30 53369.40. (a) (1) The payments made pursuant to this
31 section shall be in addition to any amounts the affected taxing
32 entities receive pursuant to subdivision (a) of Section 53369.30.
33 The payments made pursuant to this section to the affected taxing
34 entities, including the city, shall be allocated among the affected
35 taxing entities, including the city if the city elects to receive
36 payments, in proportion to the percentage share of property taxes
37 each affected taxing entity, including the city, receives during the
38 fiscal year the funds are allocated.

39 (2) The district shall reduce its payments pursuant to this
40 section to an affected taxing entity by any amount the district has

1 paid, directly or indirectly, pursuant to Section 33445, 33445.5,
2 33445.6, or 33446 of the Health and Safety Code, or any other
3 provision of law other than this section for, or in connection with,
4 a public facility owned or leased by that affected taxing agency,
5 except:

6 (A) Any amounts the district has paid directly or indirectly
7 pursuant to an agreement with a taxing entity adopted prior to
8 January 1, 1994.

9 (B) Any amounts that are unrelated to the specific district or
10 amendment governed by this section. The reduction in a payment
11 by a district to a local education agency shall be subtracted only
12 from the amount that otherwise would be available for use by
13 those entities for educational facilities pursuant to paragraph (4).
14 If the amount of the reduction exceeds the amount that otherwise
15 would have been available for use for educational facilities in
16 any one year, the district shall reduce its payment in more than
17 one year.

18 (3) If a district reduces its payment to a local education
19 agency, the district shall do all of the following:

20 (A) Determine the amount of the total payment that would
21 have been made without the reduction.

22 (B) Determine the amount of the total payment without the
23 reduction that:

24 (i) Would have been considered property taxes.

25 (ii) Would have been available to be used for educational
26 facilities pursuant to paragraph (4).

27 (C) Reduce the amount available to be used for educational
28 facilities.

29 (D) Send the payment to the local education agency, with a
30 statement that the payment is being reduced and including the
31 calculation required by this subdivision showing the amount to
32 be considered property taxes and the amount, if any, available for
33 educational facilities.

34 (4) (A) Except as specified in subparagraph (E), of the total
35 amount paid each year pursuant to this section to school districts,
36 43.3 percent shall be considered to be property taxes for the
37 purposes of paragraph (1) of subdivision (h) of Section 42238 of
38 the Education Code, and 56.7 percent shall not be considered to
39 be property taxes for the purposes of that section and shall be
40 available to be used for educational facilities.

(B) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to community college districts, 47.5 percent shall be considered to be property taxes for the purposes of Section 84751 of the Education Code, and 52.5 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities.

(C) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to county offices of education, 19 percent shall be considered to be property taxes for the purposes of Section 2558 of the Education Code, and 81 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities.

(D) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section for special education, 19 percent shall be considered to be property taxes for the purposes of Section 56712 of the Education Code, and 81 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for education facilities.

(E) If, pursuant to paragraphs (2) and (3), a district reduces its payments to an educational entity, the calculation made by the district pursuant to paragraph (3) shall determine the amount considered to be property taxes and the amount available to be used for educational facilities in the year the reduction was made.

(5) Local education agencies that use funds received pursuant to this section for school facilities shall spend these funds at schools that are:

(A) Within the jobs-housing opportunity zone.

(B) Attended by pupils or students who reside in the jobs-housing opportunity zone.

(C) Attended by students generated by projects that are assisted directly by the district.

(D) Determined by the governing board of a local education agency to be of benefit to the jobs-housing opportunity zone.

(b) Commencing with the first fiscal year in which a district receives tax increments and continuing through the last fiscal year in which the district receives tax increments, the district shall pay to the affected taxing entities, including the city if the

1 city elects to receive a payment, an amount equal to 25 percent of
2 the tax increments received by the district. In any fiscal year in
3 which the district receives tax increments, the city that has
4 adopted the district may elect to receive the amount authorized
5 by this subdivision.

6 (c) Commencing with the 11th fiscal year in which the district
7 receives tax increments and continuing through the last fiscal
8 year in which the district receives tax increments, the district
9 shall pay to the affected taxing entities, other than the city that
10 has adopted the project, in addition to the amounts paid pursuant
11 to subdivision (b), an amount equal to 21 percent of the portion
12 of tax increments received by the district, which shall be
13 calculated by applying the tax rate against the amount of assessed
14 value by which the current year assessed value exceeds the first
15 adjusted base year assessed value. The first adjusted base year
16 assessed value is the assessed value of the district in the 10th
17 fiscal year in which the district receives tax increment revenues.

18 (d) Commencing with the 20th fiscal year in which the district
19 receives tax increments and continuing through the last fiscal
20 year in which the district receives tax increments, a district shall
21 pay to the affected taxing entities, other than the city that has
22 adopted the project, in addition to the amounts paid pursuant to
23 subdivision (b), an amount equal to 14 percent of the portion of
24 tax increments received by the district, which shall be calculated
25 by applying the tax rate against the amount of assessed value by
26 which the current year assessed value exceeds the second
27 adjusted base year assessed value. The second adjusted base year
28 assessed value is the assessed value of the district in the 19th
29 fiscal year in which the district receives tax increments.

30 (e) (1) Prior to incurring any loans, bonds, or other
31 indebtedness, except loans or advances from the city, the district
32 may subordinate to the loans, bonds, or other indebtedness the
33 amount required to be paid to an affected taxing entity by this
34 section, if the affected taxing entity has approved these
35 subordinations pursuant to this subdivision.

36 (2) At the time the district requests an affected taxing entity to
37 subordinate the amount to be paid to it, the district shall provide
38 the affected taxing entity with substantial evidence that sufficient
39 funds will be available to pay both the debt service and the
40 payments required by this section, when due.

(3) An affected taxing entity may disapprove a request for subordination only if it finds, based upon substantial evidence, that the district will not be able to pay the debt payments and the amount required to be paid to the affected taxing entity. If the affected taxing entity does not act within 45 days after receipt of the district's request, the request to subordinate shall be deemed approved and shall be final and conclusive.

(f) (1) The Legislature finds and declares both of the following:

(A) The payments made pursuant to this section are necessary in order to alleviate the financial burden and detriment that affected taxing entities may incur as a result of the adoption of an infrastructure financing plan, and payments made pursuant to this section will benefit jobs-housing opportunity zones.

(B) The payments made pursuant to this section are the exclusive payments that are required to be made by an infrastructure financing district to affected taxing entities during the term of an infrastructure financing plan.

(2) Notwithstanding any other provision of law, a legislative body shall not be required, either directly or indirectly, as a measure to mitigate a significant environmental effect or as part of any settlement agreement or judgment brought in any action to contest the validity of an infrastructure financing plan pursuant to Section 33501, to make any other payments to affected taxing entities, or to pay for public facilities that will be owned or leased to an affected taxing entity.

(g) As used in this section, a "local education agency" is a school district, a community college district, a county office of education, or special education programs.

Article 5. Tax Increment Bonds

53369.50. The legislative body may, by majority vote, initiate proceedings to issue bonds pursuant to this chapter by adopting a resolution stating its intent to issue the bonds.

53369.51. The resolution adopted pursuant to Section 53369.50 shall contain all of the following information:

(a) A description of the facilities to be financed with the proceeds of the proposed bond issue.

1 (b) The estimated cost of the facilities, the estimated cost of
2 preparing and issuing the bonds, and the principal amount of the
3 proposed bond issuance.

4 (c) The maximum interest rate and discount on the proposed
5 bond issuance.

6 (d) A determination of the amount of tax revenue available or
7 estimated to be available, for the payment of the principal of, and
8 interest on, the bonds.

9 (e) A finding that the amount necessary to pay the principal of,
10 and interest on, the proposed bond issuance will be less than, or
11 equal to, the amount determined pursuant to subdivision (d).

12 (f) The date, hour, and place at which any person may appear
13 before the legislative body and object to the proposal to issue
14 bonds.

15 53369.52. The clerk of the legislative body shall publish the
16 resolution adopted pursuant to Section 53369.50 once a day for at
17 least seven successive days in a newspaper published in the city
18 or county at least six days a week, or at least once a week for two
19 successive weeks in a newspaper published in the city or county
20 less than six days a week. If there are no newspapers meeting
21 these criteria, the resolution shall be posted in three public places
22 within the territory of the district for two succeeding weeks.

23 53369.53. The legislative body shall submit the proposal to
24 issue the bonds to the voters who reside within the district. The
25 election shall be conducted in the same manner as the election to
26 create the district pursuant to Section 53369.20 and the two
27 elections may be consolidated.

28 53369.54. (a) The bonds may be issued if two-thirds of the
29 voters voting on the proposition vote in favor of issuing the
30 bonds.

31 (b) If the voters approve the issuance of the bonds as provided
32 by subdivision (a), the legislative body shall proceed with the
33 issuance of the bonds by adopting a resolution which shall
34 provide for all of the following:

35 (1) The issuance of the bonds in one or more series.

36 (2) The principal amount of the bonds, which shall be
37 consistent with the amount specified in subdivision (b) of Section
38 53369.51.

39 (3) The date the bonds will bear.

40 (4) The date of maturity of the bonds.

1 (5) The denomination of the bonds.

2 (6) The form of the bonds.

3 (7) The manner of execution of the bonds.

4 (8) The medium of payment in which the bonds are payable.

5 (9) The place or manner of payment and any requirements for
6 registration of the bonds.

7 (10) The terms of call or redemption, with or without
8 premium.

9 53369.55. If any proposition submitted to the voters pursuant
10 to this chapter is defeated by the voters, the legislative body shall
11 not submit, or cause to be submitted, a similar proposition to the
12 voters for at least one year after the first election.

13 53369.56. The legislative body may, by majority vote,
14 provide for refunding of bonds issued pursuant to this chapter.
15 However, refunding bonds shall not be issued if the total net
16 interest cost to maturity on the refunding bonds plus the principal
17 amount of the refunding bonds exceeds the total net interest cost
18 to maturity on the bonds to be refunded. The legislative body
19 may not extend the time to maturity of the bonds.

20 53369.57. The legislative body or any person executing the
21 bonds shall not be personally liable on the bonds by reason of
22 their issuance. The bonds and other obligations of a district
23 issued pursuant to this chapter are not a debt of the city, county,
24 or state or of any of its political subdivisions, other than the
25 district, and none of those entities, other than the district, shall be
26 liable on the bonds and the bonds or obligations shall be payable
27 exclusively from funds or properties of the district. The bonds
28 shall contain a statement to this effect on their face. The bonds do
29 not constitute an indebtedness within the meaning of any
30 constitutional or statutory debt limitation.

31 53369.58. The bonds may be sold at discount not to exceed 5
32 percent of par at public sale. At least five days prior to the sale,
33 notice shall be published, pursuant to Section 6061, in a
34 newspaper of general circulation and in a financial newspaper
35 published in the City and County of San Francisco and in the
36 City of Los Angeles. The bonds may be sold at not less than par
37 to the federal government at private sale without any public
38 advertisement.

39 53369.59. If any member of the legislative body whose
40 signature appears on bonds ceases to be a member of the

1 legislative body before delivery of the bonds, his or her signature
2 is as effective as if he or she had remained in office. Bonds
3 issued pursuant to this chapter are fully negotiable.

4 SEC. 2. Article 5.5 (commencing with Section 63047.50) is
5 added to Chapter 2 of Title 6.7 of the Government Code, to read:

6
7 Article 5.5. Jobs-Housing Opportunity Zones
8

9 63047.50. On or after July 1, 2006, when a city submits a
10 proposed infrastructure financing plan that will finance a
11 jobs-housing opportunity zone to the bank pursuant to Chapter
12 2.6 (commencing with Section 53369) of Part 1 of Division 2 of
13 Title 5, the bank shall review and act on the proposed
14 infrastructure financing plan pursuant to this article within a time
15 period of not more than 60 calendar days. As used in this article,
16 “city” means a city, a county, or a city and county.

17 63047.51. When the bank determines that a proposed
18 infrastructure financing plan contains all of the materials required
19 by Article 2 (commencing with Section 53369.10) of Chapter 2.6
20 of Part 1 of Division 2 of Title 5, the bank shall circulate the
21 proposed infrastructure financing plan to other state agencies to
22 determine the thoroughness of the proposed infrastructure
23 financing plan, including, but not limited to, the Department of
24 Finance, the Department of Transportation, the Department of
25 Housing and Community Development, and the Office of
26 Planning and Research, and solicit their comments and
27 recommendations.

28 63047.52. After considering the comments and
29 recommendations of other state agencies, the bank shall take one
30 of the following actions:

31 (a) Approve the proposed infrastructure financing plan if the
32 bank makes the findings pursuant to Section 63047.53.

33 (b) Return the proposed infrastructure financing plan to the
34 city with specific recommendations for changes that would allow
35 the bank to approve the plan.

36 63047.53. (a) For bank approval, the bank shall make a
37 determination of both of the following:

38 (1) The proposed infrastructure financing plan shall
39 demonstrate a reasonable probability that the jobs-housing
40 opportunity zone would result in an amount of revenue to the

1 General Fund that is greater than the amount of property tax
2 increment revenues proposed to be diverted from school entities,
3 excluding the portion related to the Education Revenue
4 Augmentation Fund (ERAF), over the term of the proposed
5 infrastructure financing district.

6 (2) Find, pursuant to Section 13103 and based on substantial
7 evidence in the record, that the proposed infrastructure financing
8 plan is consistent with the state planning priorities in Section
9 65041.1.

10 (b) In making the demonstration required by subdivision (a),
11 the bank shall consider only those General Fund revenues that
12 would occur because of economic activity proposed to occur
13 within the jobs-housing opportunity zone. The bank shall not
14 consider those General Fund revenues that would have occurred
15 if the city had not created the proposed infrastructure financing
16 district.

17 63047.54. The bank may adopt other criteria, consistent with
18 Article 3 (commencing with Section 63040), to guide its
19 decisions.

20 63047.55. (a) The bank shall not approve more than three
21 proposed infrastructure financing plans commencing with the
22 2006–07 fiscal year, and two more thereafter beginning in the
23 2007–08 fiscal year. No more than five infrastructure financing
24 plans in total shall be approved by the California Infrastructure
25 and Economic Development Bank.

26 (b) If the bank approves an infrastructure financing plan
27 pursuant to this article, but if the city has not formed the
28 infrastructure financing district within one year of the date on
29 which the bank approved the infrastructure financing plan, the
30 infrastructure financing plan shall be deemed to be abandoned
31 and the city shall not form the infrastructure financing district.

32 (c) (1) If one or more infrastructure financing plans are
33 deemed to be abandoned pursuant to subdivision (b), the bank
34 may, notwithstanding subdivision (a), review and act on an equal
35 number of additional infrastructure financing plans.

36 (2) The bank may review and act on only those infrastructure
37 financing plans that would support proposals that are identified
38 on Table 4 of the document titled, “Inter-Regional Partnership
39 State Pilot Project Evaluation Draft Submitted to The
40 Inter-Regional Partnership May 13, 2004.”

1 (3) The bank shall review and act on those proposals based on
2 their assigned “Community Score” points.

3 (4) The bank shall review and act on a proposal that received
4 more “Community Score” points before the bank reviews and
5 acts on a proposal with fewer “Community Score” points.

6 63047.56. This article shall become operative on July 1, 2006.

7 SEC. 3. Section 65891.8 of the Government Code is amended
8 to read:

9 65891.8. (a) The goals of the IRP and the pilot project ~~are to~~
10 *include all of the following*:

11 (1) Encourage economic investment, including job creation,
12 near available housing.

13 (2) Encourage housing to be located near major employment
14 centers.

15 (3) Encourage development along corridors served by transit
16 and near transit stations.

17 (4) Encourage more sustainable and effective transportation
18 between job and housing centers.

19 (b) The IRP shall contract with a qualified consultant to
20 conduct an evaluation of the pilot project. Ongoing monitoring
21 and evaluation shall be conducted throughout the implementation
22 of phases one and two. After zones have been selected and
23 projects begin on each of the zones, the progress of each project
24 shall be evaluated. The evaluation shall assess the gap between
25 jobs and housing by comparing the ratio between the number of
26 jobs and the number of housing units in a local jurisdiction ~~with~~
27 *within* a designated IRP Jobs-Housing Opportunity Zone, before
28 an opportunity zone project has been approved and after it has
29 been completed. The comparison shall be based on an optimum
30 balance of jobs and housing being one and one-half jobs for one
31 housing unit, as determined by the Department of Finance. The
32 following data shall be used in determining that a jobs-housing
33 balance has been mitigated in a jurisdiction:

34 (1) The number of building permits issued as provided by the
35 California Industrial Research Bureau.

36 (2) The number of jobs generated, as determined by the
37 Employment Development Department.

38 (c) An interim report shall be submitted by the IRP to the
39 Department of Housing and Community Development on or
40 before July 31, 2004.

1 (d) On or before July 1, 2006, the IRP shall determine whether
2 the jobs–housing opportunity zones it selected in its evaluation of
3 proposals are ready to submit a proposed infrastructure
4 financing plan the California Infrastructure and Economic
5 Development Bank pursuant to Article 5.5 (commencing with
6 Section 63047.50) of Chapter 2 of Title 6.7. If the IRP determines
7 that one or more jobs–housing opportunity zones are not ready
8 to submit a proposed infrastructure financing plan, the IRP shall
9 select an equal number of proposals as replacements. The IRP
10 shall select replacement jobs–housing opportunity zones from
11 among the proposals identified on Table 4 of the document titled,
12 “Inter–Regional Partnership State Pilot Project Evaluation
13 Draft Submitted to The Inter–Regional Partnership May 13,
14 2004.” The IRP shall select as a replacement jobs–housing
15 opportunity zone a proposal that received more “Community
16 Score” points.

17 (e) A final report shall be submitted by the IRP to the
18 department on or before July 31, 2008.

19 SEC. 4. If the Commission on State Mandates determines that
20 this act contains costs mandated by the state, reimbursement to
21 local agencies and school districts for those costs shall be made
22 pursuant to Part 7 (commencing with Section 17500) of Division
23 4 of Title 2 of the Government Code.